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A Bimonthly Newsletter for Economic Research Service Employees and Colleagues



Wye Woods Conference Center

PLANNING RETREAT DENOUEMENT

ERS Administrator John Lee recently assembled his immediate staff and division directors and associate directors at the Wye Woods Conference Center in Maryland to plan ERS's program for the next few years. Also present were USDA's Statistical Reporting Service Administrator William Kibler and Economics Management Staff Director Allan Johnson.

The major accomplishments of the March 20-23 retreat are:

- The group agreed on and adopted a new ERS mission statement. It will be distributed as part of a discussion paper on the ERS mission, priorities, and future emphases.

- Division directors reported on progress on program changes being implemented this year.

- Division directors made proposals for program initiatives to be considered for new funding. Some of the proposals will be funded in whole or part by internal redirection. The group prioritized the remainder as potential bids for new funding in 1986 and beyond.

- The group made preliminary decisions on a priority ranking of 1985 "programs"—a requirement of USDA's budget development process. For the

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most part, "programs" were defined as organizational sections.

- Associate Administrator George Hoffman proposed several high-priority studies to be among those ERS will complete and issue reports on in 1985 [see his letter on page 3 of this Newsletter]. The group narrowed the proposed list to twenty-one.

- The group adopted a data plan proposed by Data Coordinator Edward Reinsel that identifies ERS data gaps and deficiencies and the strategies to deal with them, including possible data collection initiatives for additional funding over the next 5 years.

- The group adopted new incentives for high-quality work to include cash awards (\$5,000 each) for outstanding research monograph (maximum of two per year), outstanding situation and outlook report (maximum of one per year), and outstanding staff work (maximum of one award per year).

- The group adopted the principle of providing systematic and periodic supervisory and management training for first-line supervisors; the details are being worked out.

- Data Services Center Deputy Director Robert Rovinsky reported on progress on implementation of the long range information management plan.

- Division directors made proposals for new field projects; the details are being worked out as part of the development of 1985 project proposals.

- Lee made a preliminary allocation of 1985 funds and staff-year ceilings to divisions, contingent on Congressional approval of the 1985 budget request.

numerous projects in recent years. The relationship is longstanding, with specific agreements determined annually.

Generally, the work has focused on the likely impacts of changes in food stamp and WIC (women, infants, and children) nutrition programs. ERS also provides FNS with current and predicted food prices to aid in forecasting program costs.

This year, ERS is developing an analytical framework for assessing the impacts of changes in USDA's commodity donation and purchase programs on producer returns and consumer prices. Researchers are looking at alternatives to the use of commodity surpluses in the school lunch program. The alternatives include a cash only program or a voucher system.

ERS-SCS COOPERATION

ERS's longtime relationship with the Soil Conservation Service (SCS) has changed markedly over the last year and a half. An October 1982 agreement signed by USDA Assistant Secretaries William Lasher (Economics) and John Crowell (Natural Resources and Environment) changed ERS and SCS funding arrangements, reflecting the new roles ERS and SCS play in the economics of natural resource use and conservation.

For nearly 30 years, ERS has provided economic analysis for SCS river basin development studies, using funds transferred annually from SCS to support ERS staff. Now some of the funds formerly transferred are being retained by SCS where all future economic analyses for river basin studies will be done.

Funds newly appropriated to ERS in fiscal year 1984 are being used in the Natural Resource Economics Division (NRED) for data collection and research on the economics of soil and water conservation. The new work complements NRED's program of research on the economics of soil and water issues of national scope.

Interagency Cooperation

ERS-FNS COOPERATION

ERS and USDA's Food and Nutrition Service (FNS) have worked together on

LETTER FROM THE ASSOCIATE ADMINISTRATOR



Hoffman

Over the past year and a half, ERS Deputy Administrator Melvin Cotner has been working with ERS division directors, staff, and others to identify emerging trends and issues in U.S. agriculture, world markets, and rural America. The objective was to determine what is thus implied for the future research needs of ERS. A report summarizing their conclusions will be distributed.

Based on the general research needs so identified, we decided at our March planning retreat on a list of high-priority studies to be among those ERS will complete and issue reports on in 1985. These studies will be in the overall fiscal year 1985 plan of work.

- In the area of U.S. agriculture, the list includes studies on: effects of monetary and fiscal policies on U.S. agriculture; comparison of U.S. agriculture with other sectors of the U.S. economy; role and consequences of subsidized credit for the farm sector; and farm sector profile using data from the 1982 Census of Agriculture.
- In the natural resources area, the studies include: relationship between soil erosion and productivity; implications of the growing separation between farmland ownership and operation; status and effectiveness of soil conservation and erosion control programs; evaluation of targeting soil conservation programs; role of water in agriculture; and investments in soil conservation practices.
- The studies for the international area include: effects of trade barriers on U.S. trade; export demand elasticity for U.S. agricultural products; developing country debt problems affecting U.S. agricultural trade; and effectiveness of export credit and market development programs.
- Some studies will require close cooperation between researchers in the U.S. and international areas. They include: competitiveness of U.S. agricultural exports in world markets; comparison of the level of public assistance to agriculture in selected countries; and relationship between commodity price supports and exports.
- Studies in the rural development area include: profile of rural America; status of rural housing; incidence of rural poverty; and assessment of rural public facilities.

Doing these studies next year will require a major commitment of ERS's resources. However, they are important enough to be in our workplans and will be a high-priority (rather than residual) claimant on our resources. When completed, I believe these studies will be a highly visible and major contribution to the public's understanding of the economics of U.S. agriculture and rural communities.

George Hoffman



Recent Publications

BUDDING EASTERN EUROPEAN MARKET FAILS TO BLOSSOM

Once considered a growth market with vast potential for U.S. agricultural exports, Eastern Europe has actually decreased its agricultural imports since 1980. Rising debt-service ratios and increasing difficulty in obtaining new credit are the major causes.

That and other findings were reported in *Eastern Europe: Agricultural Production and Trade Prospects Through 1990* by Edward Cook, Robert Cummings, and Thomas Vankai. The report can be purchased for \$2.00 from the Superintendent of Documents. The GPO stock number is 001-000-04405-2 [see page 8 for ordering information].

PUBLIC FACILITIES IN RURAL COMMUNITIES

Most rural cities with populations of 2,500 or more have essential public facilities—water, wastewater treatment, hospitals, fire protection, and roads. Unincorporated rural areas fare less well.

Those and other findings, are reported in a recent ERS Staff Report,

Availability of Selected Public Facilities in Rural Communities: Preliminary Estimates, by Norman Reid, Thomas Stinson, Patrick Sullivan, Leon Perkinson, MonaCheri Clarke, and Eleanor Whitehead. The report draws on data from the National Rural Community Facilities Assessment Study (NRCFAS), a nationwide sample survey of more than 500 rural communities.

The report (NTIS number PB84-167543) may be purchased for \$10.00 (paper) or \$4.50 (microfiche) from the National Technical Information Service [see page 8 for ordering information].

TOBACCO SITUATION AND OUTLOOK

Cigarette smoking fell a record 5 percent last year in the United States, mainly due to 21 percent higher prices. Per capita use by persons 18 and over fell to 3,494, also a record. While large cigar, chewing, and smoking tobacco use declined in 1983, snuff consumption continued to rise.

Those findings and others were reported in the latest *Tobacco Outlook and Situation Report*. The annual subscription fee is \$8.00 for four issues [see page 8 for ordering information].

SACO RIVER BASIN FINAL REPORT

Water distribution problems are occurring not only in the arid Southwest but also in a few rapidly growing parts of northern New England. And some Western remedies, such as interbasin water transfer, are being tried or considered in portions of New England.

A group of resource specialists from three USDA agencies (ERS, Forest Service, and Soil Conservation Service) reviewed the use of water from 1945 to 1980 by the farm sector in the Saco River Basin (a 1 million acre area in western New Hampshire and Southern Maine) and projected water use through 2030. The Saco River begins in the

White Mountains National Forest on the slopes of Mount Washington (the highest peak in the Northeast) and flows 130 miles before emptying into the Atlantic Ocean south of Portland.

The data produced by the group will assist Federal, State, and local officials in talks with those concerned about the potential effects of the interbasin transfer of water on the agricultural sector in the Saco River Basin.

To obtain a free copy of the **Saco River Basin Final Report**, contact ERS Economist Kenneth Krupa, Room 370-GHI, ERS/USDA, Washington, DC 20250-1800 (202-475-5707).

FOREIGN-OWNED ACREAGE INCREASES SLIGHTLY

Foreigners own 13.7 million acres of U.S. agricultural land. That is slightly more than 1 percent of all privately held agricultural land and 0.6 percent of the total land area in the United States. Foreign ownership, which increased 278,000 acres in 1983, is not distributed evenly.

Those and other details about foreign investment in U.S. land are in **Foreign Ownership of U.S. Agricultural Land Through December 31, 1983** by Peter DeBraal and Alexander Majchrowicz (ERS Staff Report No. AGES840328). The report may be purchased for \$10.00 (paper) or \$4.50 (microfiche) from the National Technical Information Service [see page 8 for ordering information].

NEW BOOKS BY ERS STAFF

[These books are available through commercial channels only.]

Baum, Kenneth H. and Schatz, Lyle P. (Eds.) **Modeling Farm Decisions for Policy Analysis**, Westview Press, 1983, 435 pp.

Brawstar, D. E., Rasmussen, Wayne D., and Youngberg, G. (Eds.) **Farms in**

Tretransition: Interdisciplinary Perspectives on Farm Structure, Iowa State University Press, 1983, 169 pp.

Greanshields, Bruce L. and Bellamy, Margot A. (Eds.) **Rural Development: Growth and Inequity**, Gower Publishing Co., 1983, 320 pp.

Halcrow, Harold G., Haady, Earl O., and Cotner, Melvin L. (Eds.) **Soil Conservation Policies, Institutions, and Incentives**, Soil Conservation Society of America, 1982, 342 pp.

Honadle, Beth Walter, **Public Administration in Rural Areas and Small Jurisdictions: A Guide to the Literature**, Garland Publishing Co., 1983, 177 pp.

Manchester, Alden C., **The Public Role in the Dairy Economy: Why and How Governments Intervene in the Milk Business**, Westview Press, 1983, 341 pp.

Schor, Joel, **Agriculture in the Black Land-Grant System to 1930**, Florida A & M University Press, 1982, 179 pp.

ERS STAFF REPORT SERIES

The ERS Staff Report series contains reports not formally published by ERS. The series allows researchers access to reports that have a limited audience, such as those containing preliminary research results, methods, or statistics.

ERS Staff Reports are nevertheless subjected to an internal clearance process to ensure that quality standards are met.

A free copy of each Staff Report released by ERS is mailed to agricultural economics or rural sociology departments and to libraries of colleges of agriculture. Other copies may be purchased in paper or microfiche from the National Technical Information Service.

If you are on the mailing list for this Newsletter, you will also receive **Abstracts of Staff Reports**, an occasional, free publication that contains abstracts of recently released ERS Staff Reports and ordering information.

Staff Notes

MIRANOWSKI TO HEAD NATURAL RESOURCE ECONOMICS DIVISION

John Miranowski will be the new Director of ERS's Natural Resource Economics Division (NRED). He holds Ph.D. and A.M. degrees in economics from Harvard University and a B.S. degree in agricultural business from Iowa State University, where he is an associate professor. He will assume his new position with ERS on May 29.

Miranowski has made significant research contributions in the areas of soil erosion control systems and policies; integrated pest and crop management; renewable energy sources; the impacts of energy price increases on agriculture; plus public funding of agricultural research.

He was a Gilbert F. White Visiting Fellow at Resources for the Future during 1981-82. Other honors include the Graduate Prize Fellowship and George Chase Christian Scholarship at Harvard University plus the Ralston-Purina Scholarship and Eli Lilly Advanced Curriculum Scholarship at Iowa State University.

NRED's programs include research on the economics of the use, conservation, development, and ownership of U.S. natural resources, plus analysis of the supply of and demand for agricultural production inputs, changes in agricultural production technology, and environmental quality. NRED has 165 employees and a fiscal year 1984 budget of \$8.6 million.

EDO'S MEEKS NAMED LEGISLATIVE FELLOW

Carol Meeks, Leader of the Housing Section, Community Resources Branch, Economic Development Division, has been

honored by being selected to be a Legislative Fellow.

Legislative fellows receive 3 weeks of briefings on the operation and organization of the Congress; a 6-month, full-time assignment on the staff of a member of Congress, congressional committee, or support agency of the Congress; and weekly seminars during their tenure on Capitol Hill.

RECTOR REPLACES MANFREOI

Gerald Rector is the new Leader, Commodity Analysis Section, World Analysis Branch, International Economics Division (IED). Rector has an M.S. in agricultural economics from the University of Tennessee and has completed all the requirements (except dissertation) for a Ph.D. in agricultural economics at Michigan State University.

He brings to ERS's commodity outlook coordination role more than a decade of experience in various phases of analysis and forecasting with ERS's National Economics and International Economics Divisions.

Rector's predecessor, Eileen Manfredi, left IED to be Senior Grains Analyst with USDA's World Agricultural Outlook Board. Manfredi had directed the international commodity outlook work in IED since 1982, and last year received the ERS Administrator's Special Merit Award for outstanding situation and outlook contribution.

COYLE RETURNS FROM DOWN UNDER

ERS Economist William Coyle (Asia Branch, International Economics Division) recently returned from a 1-year assignment at the Bureau of Agricultural Economics (BAE) in Canberra, Australia. He was the third ERS participant in the annual ERS-BAE staff exchange program.

Coyle's activities at BAE were divided between explaining U.S. agricultural policy changes to the Australians and



Miranowski



Meeks



Rector



Coyle

analysis of Japan's agricultural market. According to Coyle, the United States could learn some things from Australia.

- One, Australia's great dependence on agricultural trade has led it to design domestic agricultural programs that minimize government intervention and encourage economic efficiency to increase its comparative advantage in the production of certain agricultural commodities.
- Two, Australia has institutionalized the measurement and monitoring of government assistance to the various sectors of its economy. The Industry Assistance Commission, a watchdog advisory body, has helped to place under public scrutiny the facts on which sectors of the economy get government assistance and in what amounts.

ERS's next participant in the exchange program is Milton Erickson, Chief of the Crops Branch, National Economics Division. He will depart for Canberra in June. Max Lawrence of BAE's Crops Marketing and Outlook Branch is scheduled to arrive in Washington in June to replace BAE's Henry Haszler. Haszler has been working with staff in the Food and Agricultural Policy Branch and the Crops Branch of ERS's National Economics Division. He will be returning to Australia in May.

FOOD ECONOMICS BRANCH REORGANIZED

Lester Myers, Food Economics Branch Chief, National Economics Division

(NED), is reorganizing his Branch. Its name will be changed to Food Marketing and Consumption Economics Branch.

The Branch will have four sections. The **Food Marketing Analysis Section**, with Harry Harp as its Leader, will be transferred from NED's Economic Indicators Branch. The Food Protection Research Section will be transferred to the Food and Agricultural Policy Branch and merged with the existing Food Policy Research Section, with Clark Burbee as Leader.

The Food Distribution Research Section and the Food Manufacturing Research Section will be combined into the **Food Manufacturing and Distribution Section**, with Charles Handy serving as Leader.

The **Food Demand Research Section** and the **Transportation Research Section**, with Leaders Richard Haidacher and William Gallimore, respectively, will remain unchanged.

Paul Nelson, formerly Leader of the Food Manufacturing Research Section, will serve as Senior Economist in the Branch Chief's office. Nelson is also the Book Review Editor of the **American Journal of Agricultural Economics**.

NEW ILLINOIS/ERS JOINT PROJECT

ERS Economist Cole Gustafson has been transferred to Urbana, Illinois, to work on a cooperative project with University of Illinois researchers Peter Barry and Steve Sonka. The 3-year project is a

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study of the methods and analytical problems associated with calculating depreciation of capital stock. The work is needed to accurately estimate farm income and expenditures at State and national levels—an area of mutual concern to ERS and the University of Illinois.

ERS-EGYPTIAN COOPERATIVE PROJECT

Since 1981, ERS has participated in an Egyptian data collection and analysis project funded by the U.S. State Department's Agency for International Development (AID). That 5-year project is designed to provide a better basis for agricultural planning and decisionmaking in Egypt.

Since the project began, seven ERS economists have participated in the project's four major activities—costs of production, horticultural marketing, livestock fattening, and staff analysis. Fourteen Egyptian economists have visited ERS for on-the-job training and joint research.

During the remaining project period, ERS will participate in a new activity analyzing land rents, and will provide limited technical assistance to an ongoing survey of farm firms. If the project is extended beyond 1985, several areas for future activity have been identified—more farm firm surveys, adaptation of ERS's database management system for Egypt's use, joint research on agricultural labor markets, measurement and analysis of agriculture's contribution to the overall economy, plus support for training and organizing a more effective policy analysis group within the Ministry of Agriculture.

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Monographs and Periodicals

Order monographs by title and GPO SN number and periodicals only by title from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. You may pay by check to SupDocs or charge your order to VISA, MasterCard, or GPO Deposit Account. Charge orders are accepted by telephone (202-783-3238) weekdays from 8:00 a.m. to 4:30 p.m. eastern time.

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